

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

CRIMINAL COMPLAINT

v.

CASE NUMBER:

DEAN NICHOLS,
REGGI HOPKINS,
ELLIOTT KOZEL,
ANTHONY JOHNSON,
MARY SMITH,
REGINA HOLLIE, and
BRYANT JESSUP

UNDER SEAL

I, the undersigned complainant, being duly sworn on oath, state that the following is true and correct to the best of my knowledge and belief:

COUNT ONE

From in or about September 2011 to no later than February 2012, at Oak Park and Chicago, in the Northern District of Illinois, Eastern Division DEAN NICHOLS and REGGI HOPKINS, defendants herein:

conspired to commit an offense against the United States, specifically bribery of a public official (18 U.S.C. § 201(b)(1)), by agreeing to directly and indirectly, corruptly give, offer and promise a thing of value, namely money, to a purported Health and Human Services ("HHS") official, with the intent to influence that official's awarding of HHS grants;

in violation of Title 18, United States Code, Section 371.

COUNT TWO

From in or about September 2011 to no later than November 2011, at Oak Park and Chicago, in the Northern District of Illinois, Eastern Division DEAN NICHOLS and ELLIOTT KOZEL, defendants herein:

conspired to commit an offense against the United States, specifically bribery of a public official (18 U.S.C. § 201(b)(1)), by agreeing to directly and indirectly, corruptly give, offer and promise a thing of value, namely money, to a purported HHS official, with the intent to influence that official's awarding of HHS grants;

in violation of Title 18, United States Code, Section 371.

COUNT THREE

From in or about January 2012 to no later than February 2012, at Oak Park and Chicago, in the Northern District of Illinois, Eastern Division DEAN NICHOLS and ANTHONY JOHNSON, defendants herein:

conspired to commit an offense against the United States, specifically bribery of a public official pursuant to 18 U.S.C. § 201(b)(1), by agreeing to directly and indirectly, corruptly give, offer and promise a thing of value, namely money, to a purported HHS official, with the intent to influence that official's awarding of HHS grants;

in violation of Title 18, United States Code, Section 371.

COUNT FOUR

From in or about November 2011 to no later than January 2012, at Chicago, in the Northern District of Illinois, Eastern Division, ELLIOTT KOZEL and MARY SMITH, defendants herein:

conspired to commit an offense against the United States, specifically bribery of a public official pursuant to 18 U.S.C. § 201(b)(1), by agreeing to directly and indirectly, corruptly give, offer and promise a thing of value, namely money, to a purported HHS official, with the intent to influence that official's awarding of HHS grants;

in violation of Title 18, United States Code, Section 371.

COUNT FIVE

From in or about November 2011 to no later than February 2012, at Chicago, in the Northern District of Illinois, Eastern Division, ELLIOTT KOZEL and REGINA HOLLIE, defendants herein:

conspired to commit an offense against the United States, specifically bribery of a public official pursuant to 18 U.S.C. § 201(b)(1), by agreeing to directly and indirectly, corruptly give, offer and promise a thing of value, namely money, to a purported HHS official, with the intent to influence that official's awarding of HHS grants;

in violation of Title 18, United States Code, Section 371.

COUNT SIX

From in or about February 2012 to no later than March 2012, at Chicago, in the Northern District of Illinois, Eastern Division, ELLIOTT KOZEL and BRYANT JESSUP, defendants herein:

conspired to commit an offense against the United States, specifically bribery of a public official pursuant to 18 U.S.C. § 201(b)(1), by agreeing to directly and indirectly, corruptly give, offer and promise a thing of value, namely money, to a purported HHS official, with the intent to influence that official's awarding of HHS grants;

in violation of Title 18, United States Code, Section 371.

I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this complaint is based on the facts contained in the Affidavit which is attached hereto and incorporated herein.

Signature of Complainant
BRENDAN O'LEARY
Special Agent, Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,

July 16, 2012 at Chicago, Illinois
Date City and State

Jeffrey Cole, U.S. Magistrate Judge
Name & Title of Judicial Officer

Signature of Judicial Officer

UNITED STATES DISTRICT COURT)
)
) SS
NORTHERN DISTRICT OF ILLINOIS)

AFFIDAVIT

I, BRENDAN O'LEARY, being duly sworn, state as follows:

1. I am a Special Agent with the Federal Bureau of Investigation, and have been so employed for approximately thirteen years. My current responsibilities include the investigation of public corruption offenses.

2. This affidavit is submitted in support of a criminal complaint alleging that: (1) DEAN NICHOLS and REGGI HOPKINS; (2) NICHOLS and ELLIOTT KOZEL; (3) NICHOLS and ANTHONY JOHNSON; (4) KOZEL and MARY SMITH; (5) KOZEL and REGINA HOLLIE; and (6) KOZEL and BRYANT JESSUP conspired to commit an offense against the United States, namely bribery of a public official (18 U.S.C. § 201(b)(1)), in violation of Title 18, United States Code, Section 371. Because this affidavit is being submitted for the limited purpose of establishing probable cause in support of the criminal complaint, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts that I believe are necessary to establish probable cause to believe that the defendants committed the offenses alleged in the complaint.

3. This affidavit is based on my personal knowledge, information provided to me by other law enforcement agents, information provided to me by cooperating witnesses, my review of documents, and my review of recorded conversations.

4. According to the Illinois State Board of Elections website, NICHOLS was a treasurer of the campaign committee for a former state senator (“State Senator”). While

assisting State Senator's campaign committee, NICHOLS helped steer State of Illinois grants to certain organizations, including: (a) a \$50,000 grant to an organization operated by NICHOLS's daughter from 2005 to 2006; and (b) a \$190,000 grant in 2007 to an organization operated by REGGI HOPKINS with the understanding that a portion of the proceeds would go to NICHOLS and State Senator's nephew. According to a recording of NICHOLS on August 23, 2008, State Senator told HOPKINS, "whatever you're gonna do, I want you to include" State Senator's nephew. NICHOLS stated that State Senator's nephew was "gonna split the salary part."

5. Cooperating Witness ("CW") is a Chicago Police officer. In July 2008, CW was arrested in the course of an investigation of public corruption and gun trafficking occurring in the Chicago area. CW is not currently facing any criminal charges, but will likely be charged in the future with attempted extortion and firearms-related offenses. CW has been cooperating with the government since July 2008 in the hopes of a recommendation for a reduced sentence in connection with these potential charges. According to CW, he has known NICHOLS for more than 20 years. According to CW, he met NICHOLS when NICHOLS was an accountant for an auto repair business owned by CW's family. CW stated that in the early 1990s, NICHOLS owned a bar managed by CW. According to CW, he and NICHOLS attempted to bribe a former City of Chicago alderman by offering \$10,000 in exchange for CW receiving a promotion within the Chicago Police Department. According to CW and the former alderman, who confirmed the offer, neither the payment nor the promotion ever occurred.

Summary

6. As described in more detail below, CW, at the direction of law enforcement, informed NICHOLS that CW had a friend affiliated with the United States Department of Health and Human Services (“HHS”) who was willing to provide \$25,000 grants in exchange for a kickback. After being offered this opportunity, NICHOLS presented CW with several other individuals, including HOPKINS, ELLIOTT KOZEL and ANTHONY JOHNSON, who were willing to submit applications to obtain these grants in return for \$5,000, which would be divided into \$1,250 payments to four individuals: (a) a purported HHS official approving the grants; (b) an undercover FBI Special Agent (“UC”), who was purportedly associated with the federal official; (c) CW; and (d) NICHOLS. Similarly, KOZEL, who works for the Cook County Sheriff’s Office as a correctional officer, presented several others, including MARY SMITH (his supervisor), BRYANT JESSUP, and REGINA HOLLIE, who were willing to submit applications to obtain these grants in return for \$5,000, which would be divided into \$1,250 payments to four individuals: (a) the purported HHS official; (b) UC; (c) CW; and (d) KOZEL.

Nichols Agrees to Bribe Federal Official to Steer Grants to Associates

7. On or about July 22, 2011, CW recorded a conversation in which he informed NICHOLS that CW had “run into a friend” who was working for “Health and Human Services.”¹ NICHOLS responded, “Yeah, that’s a federal agency.” CW stated that his friend

¹ My descriptions of recorded conversations are summaries based on my review of the recordings, and my understanding of the context of the recorded conversations. These

said that “they’re passing out fucking grants for like 25 grand a piece But he’s saying they’re passing [them] out like candy.” After NICHOLS asked about the grants, CW said that they were for “drug rehab.” NICHOLS asked if the grants were “25 minimum or 25 maximum?” CW answered that they were for “25,000 a piece.” CW said, however, that his friend could issue thirty grants and that “He can sign off on ’em.” NICHOLS then asked, “And he can sign off here?” CW responded, “Yeah.”

8. In the same conversation, CW informed NICHOLS that his friend “only wants fucking, like 10 percent . . . you know, I mean there’s enough room for all of us.” NICHOLS responded, that “if there’s volume, he’ll probably cut that [the amount of the bribe] down.” CW said that his friend would “gets his percent, his cut” and that CW and NICHOLS would “get a cut Everybody gets their piece of the pie.” NICHOLS said that CW and NICHOLS would “set it up” with individuals they knew and that they would not “introduce [CW’s friend] to anybody.” NICHOLS informed CW that they had to “get people that we trust” and asked whether CW’s friend could issue “more than one” grant to “a single group?” CW said that he did not know.

9. Later in the conversation, CW said that his friend did not “want nothing ’til we get paid.” NICHOLS responded that this was the preferable order because if individuals paid

descriptions are not based on a final, verbatim transcript. Since this affidavit is offered for a limited purpose, I have not included a description of every topic discussed or every statement contained in a recorded conversation. I have placed in brackets my understanding of the meaning of certain conversations, based on my experience, information developed during the investigation, the context of the conversation, and conversations with CW.

money up front and then “get disappointed, then they’re gonna rat [on] you.” NICHOLS said they would have to find “people that are willing to cough up ten percent, too, or whatever we . . . it’s gonna be.” NICHOLS said the plan “sounds good.” NICHOLS asked if CW’s friend was “White? Black?” CW responded that he was a “white guy.” NICHOLS replied, “I like him already. Reliable.” CW and NICHOLS then discussed meeting with CW’s friend in person.

10. NICHOLS later informed CW that NICHOLS did not want the individuals receiving grants “to know who we’re submitting this to, you know what I mean?” NICHOLS explained that if they knew the identity of the person at HHS then “they can’t say they don’t know and then you know, get in trouble We can hook ’em up, but we don’t even have to tell them how or what we’re doing.” CW said that he and NICHOLS had to “get our cut [of the money].” NICHOLS responded, “Yeah, absolutely.”

11. On or about July 28, 2011, CW and NICHOLS were scheduled to have lunch with UC, who was posing as someone working for a private agency that contracted with HHS to issue grants. CW met NICHOLS before they went to see UC. In the recorded conversation prior to the lunch meeting, NICHOLS informed CW that they “should not say the ten percent” in front of UC. NICHOLS stated that, instead, NICHOLS would “say to him ‘I understand the arrangement that you’ve made with [CW], and I’m okay with it.’” NICHOLS explained that he did not “want to spook him, and I don’t want to get spooked either. So we limit the conversation . . . I may then just go like this, you know. . . .” According to CW, at this point NICHOLS entered the number 10 on a calculator and showed

it to CW. NICHOLS continued, "I'm a careful guy." CW said that UC would "split it with that guy [with HHS], which is cool." NICHOLS said that he and CW should take their own cut of "ten [percent]." NICHOLS stated that "just to make it even, he gets ten [percent], we get ten [percent], we get five [percent] a piece. You know what I'm saying? We're [receiving] 1,250 [a piece]." After discussing how much they would receive if they took a cut of nine grants, NICHOLS stated that it would be "an extra trip to the Dells this year."

12. NICHOLS then discussed who to approach about the grants. NICHOLS said that he did not want to "go to people who are gonna rat us." NICHOLS stated that they may have to explain their share as "consulting, administrative fees, or whatever . . . [and] pay taxes on it, even . . . and then we just charge five and say we're security and accounting and whatever."

13. After UC joined the conversation, UC explained that his job is to help people obtain certain types of grants. UC said that he has worked "with the federal government, specifically with HHS" for two or three years. UC stated that he "process[es] the applications. I submit our cover letter to them, to our guy in HHS, he then walks it through his people." UC said that as long as we "keep things under 25 [thousand dollars] . . ." Nichols responded, "Right . . . under the radar." UC replied that the HHS employee "has sole, you know, responsibility for approving these things. Now, if you try to go in with half a million, whatever, then it's a great deal of scrutiny. I mean, you almost have to write a book, really, and spell out how are you gonna use it, you're gonna have like monthly inspections" NICHOLS asked if their grant recipients would receive "visits." UC

answered that it would not be an issue as long as the grants were “under a set amount.” UC stated, however, that there would be “some oversight.” NICHOLS responded that the programs would be “legit.”

14. UC then explained the process to NICHOLS. UC said that the grant would be broken into separate payments. UC stated that the first payment would be for \$10,000. UC informed NICHOLS that “the issue . . . is the guy that I have to work with, or take care of at HHS, you know, he needs, he needs his part, too.” NICHOLS said, “[w]e discussed that.” UC responded that “we’re talking ten, ten percent off the top, which is not, you know, huge . . . keeps things rolling smooth and quick and fast.” NICHOLS informed UC that CW stated that UC “wanted to do a cash thing. Once we receive it, then we would do it after, I assume, if that’s okay.” UC responded, “once you have your payment in hand, you go cash your check, do whatever you gotta to do, then that’s when we would expect ours.” UC said that this scenario would “not only [be] for the first time, but if we have an ongoing thing, I gotta show good faith to this [HHS] guy.” NICHOLS responded, “Absolutely.”

15. NICHOLS said that he would have to “round up, you know, the people.” NICHOLS asked if UC had “a limitation as to how many you can take” and whether they could “do forty groups.” UC said that they would have to do things slowly and establish a routine. NICHOLS then asked whether they could try ten groups initially. UC said that they should try one group at first. NICHOLS said, “I know, we’re feeling each other out. I understand that.” UC told NICHOLS that his HHS associate has “sole authority to authorize

'em. There's a very routine review of them by committee but it's basically to look at are they legit, do they have EIN numbers, tax numbers, those type of things."

16. After the meeting with UC, NICHOLS mentioned to CW that NICHOLS did not see any official government seal on the paperwork given to him by UC. NICHOLS asked how long CW had known UC. CW said he had known UC for 25 years.

Nichols Steers Purported Grants to Hopkins, who Agrees to Provide a Kickback to the Purported HHS Official

17. On August 13, 2011, CW recorded a meeting with NICHOLS in which NICHOLS provided CW with documents. After the meeting, CW provided FBI Special Agents with those documents, which were two grant applications. On September 7, 2011, a fax machine purportedly used by UC received six more grant applications from NICHOLS. The grant applications included one for "Edutainment Services, Inc." and another for "Children's Athletic Program." These applications listed REGGI HOPKINS as the president of Edutainment Services Inc., and ELLIOTT KOZEL as the president of Children's Athletic Program.

18. As noted above, in 2007, HOPKINS received a \$190,000 grant that was earmarked by State Senator with the understanding that HOPKINS would provide a portion of the proceeds to State Senator's nephew. According to state records, that grant went to HOPKINS' organization called MIW Foundation, NFP. State records show that MIW Foundation, NFP also received a \$20,000 grant in 2008. On May 28, 2008, Hopkins submitted an updated budget that showed that State Senator's nephew would be receiving

\$3,250 and HOPKINS would be receiving \$4,250 in salary. Additionally, on June 23, 2010, HOPKINS told CW in a recorded conversation that what HOPKINS has “been doing is donating 15% of what I make off of grants, back to [State Senator’s] camp[aign] . . . I just do it as a donation.”²

19. On September 8, 2011, CW recorded a telephone conversation with NICHOLS. CW told NICHOLS that there was a problem with the first two applications that NICHOLS gave to CW because they were not signed and did not contain a summary of the program. CW stated that UC asked “who I knew” out of the other applications that were submitted. CW stated that he informed UC that CW knew HOPKINS the best. CW said that UC suggested that they give the first grant to HOPKINS. CW said that the first grant check would be mailed to either CW or to NICHOLS. NICHOLS stated that this was “excellent.”

20. In the same conversation, NICHOLS asked whether they could also have a grant issued to ELLIOTT KOZEL. NICHOLS said he would like to use the grant as leverage in an economic dispute he was having with KOZEL over a property they both had an interest in. NICHOLS stated that he told KOZEL that if NICHOLS got “this grant money for you [KOZEL], you get out [give the entire property interest to NICHOLS].” NICHOLS said that he would “like to see if I can get him out of my way as soon as possible.”

² State Senator’s campaign disclosures do not show significant contributions from HOPKINS. It does appear, however, that HOPKINS provided approximately 15% of the grant proceeds to State Senator’s nephew. According to HOPKINS, of the \$190,000 2007 MIW Foundation grant, State Senator’s nephew received \$30,000 (15.8% of the grant). According to records, of the \$20,000 2008 MIW Foundation grant, State Senator’s nephew received \$3,250 (16.25% of the grant).

21. On September 14, 2011, CW recorded a telephone conversation with NICHOLS. CW informed NICHOLS that HOPKINS would receive the first grant and that KOZEL would receive the second grant. NICHOLS asked “instead of mailing” the check whether UC could “bring it with . . . if he’s coming in a couple of weeks . . . to hand deliver it.” NICHOLS explained that this “would eliminate one more thing, you know what I mean . . . you understand what I’m saying?” NICHOLS said that “the minute its got a purple heart [a stamp] on it, there’s another thing there then. Do you understand what I’m saying?” CW explained that he did not understand, but that he would ask UC to bring the checks instead of mailing them. NICHOLS responded “Well that’s one less issue.” NICHOLS said when you “do that, [mail the check] there’s one more thing [potential mail fraud charge].” CW asked if NICHOLS was referring to “the mailing aspect of it.” NICHOLS responded, “Yeah . . . Just being careful, you know.”

22. NICHOLS explained that NICHOLS had decided to include HOPKINS as an applicant because NICHOLS was “Getting square with him, too.” NICHOLS said that HOPKINS had to “make up for old shit.” NICHOLS said that he wanted to meet CW “in person because I want to tell you what I think we can do.” NICHOLS said that HOPKINS and NICHOLS had discussed something that would help CW “in the long run, but in the short run its gonna reduce what you are going to get in your pocket right now. . . . I’ll explain it to you when I see you.”

23. On September 16, 2011, CW recorded a meeting with HOPKINS. HOPKINS informed CW that NICHOLS told him about the grant and that HOPKINS had “submitted

something.” In explaining to HOPKINS that it was his contact that was securing the grants, CW told HOPKINS that it was “my guy . . . and he’s got a guy in Health and Human Services in the federal department. And he’s able to push out \$25,000 grants. However, he wants his ten percent.” HOPKINS responded, “Okay.” HOPKINS told CW that NICHOLS wanted to charge HOPKINS \$10,000 for the grant. HOPKINS explained that NICHOLS told HOPKINS that “Five of that ten grand that I’m taking is to make up for the last grant.” HOPKINS stated that “ten percent is one thing . . . I can easily hide that in the mix. I can probably even hide five grand. But ten grand? I don’t even know if it’s feasible that I can do that grant if ten grand off the top is happening.”

24. HOPKINS told CW that he was “willing to give [NICHOLS] twenty-five hundred, maybe three-thousand . . . five-thousand to me is just not an acceptable number.” HOPKINS mentioned the \$190,000 grant in 2007 for MIW Foundation that State Senator had earmarked for HOPKINS. HOPKINS stated that NICHOLS and State Senator’s nephew “Literally did nothing, they literally never even showed up to an event. They did nothing, and between the two of them they both got like \$30,000.” HOPKINS said that NICHOLS made more money off the grant than HOPKINS did. HOPKINS stated that he paid State Senator’s nephew because State Senator asked him to do so.

25. CW told HOPKINS that they just needed to make sure that they have the 10 percent for CW’s guy. HOPKINS responded, “I am comfortable with that.” HOPKINS continued, “Five grand is something I think we can we can deal with, because that would be ten percent to your guy . . . and then \$1,250 to you and \$1,250 to Dean [NICHOLS].”

HOPKINS said “here’s what I don’t want. I don’t want a federal investigation. I want to run a good program.”

26. On September 20, 2011, CW recorded a telephone conversation with NICHOLS, who asked “is he [UC] in town.” NICHOLS stated that he was “approaching 20, maybe even up to 30” grant applicants.

27. The next day, September 21, 2011, CW recorded a meeting with NICHOLS. NICHOLS discussed several individuals who he wanted to receive the grants, including HOPKINS. CW informed NICHOLS that the check was being cut “as we speak” to HOPKINS. NICHOLS referred to his comments on September 14, 2011, regarding not mailing the check. NICHOLS stated, “What I didn’t want to say over the phone was, ‘that is federal mail fraud.’” NICHOLS stated that if UC was “coming into town, better if he hands them to us.” CW stated that they would skim \$5,000 off the top of HOPKINS’s grant. NICHOLS said that the issue is “with the 5,000. How are we going to write that off?” NICHOLS stated that HOPKINS was “very concerned about saying where do we put this on the books because [UC] doesn’t want to show it [going back to UC].” NICHOLS said that to appease HOPKINS, they could have HOPKINS write a check to CW for \$3,750. NICHOLS stated that CW would pay taxes on the \$3,750, then would pay UC \$2,500. NICHOLS stated that this would allow HOPKINS’s not-for-profit’s books “to be straight.”

28. In the same conversation, NICHOLS suggested that they provide UC with 40 names of potential grantees. NICHOLS said that he “picked guys that personally either owe me, or you know what I’m saying.” NICHOLS explained that he asked KOZEL “if I get this

[Grant] for you, will you get out [of KOZEL's building ownership]." NICHOLS stated that in addition to the other grantees, both NICHOLS and CW would obtain grants. NICHOLS then provided completed grant applications to CW and asked him to count them. After CW counted 31 applications, NICHOLS stated that he thought they could have 40 grantees. NICHOLS calculated that he and CW personally would obtain \$100,000 from 40 grantees. As CW left the meeting, NICHOLS discussed buying a second home in Michigan City if these grants worked out. NICHOLS said that they could "get a big summer home . . . if we do it together."

29. On September 22, 2011, CW recorded a telephone conversation with HOPKINS. CW informed HOPKINS that CW had the grant check. CW explained that it was a \$10,000 check. CW said that the \$25,000 grant would be paid out in \$10,000, \$10,000, and \$5,000 installments. CW stated that UC and his associate in Health and Human Services "get their pie first, then they submit everything else." CW informed HOPKINS that UC would be coming in town the next week and CW wanted to give the UC "his end of the deal." HOPKINS asked if he was "supposed to take care of everything that you and I discussed with that ten." CW stated that the "main thing" was that they "have to take care of [UC] and his guy." CW said that HOPKINS could pay CW later.

30. Later on September 22, 2011, CW met with HOPKINS. The recording device, however, did not operate correctly and the conversation was not recorded. According to CW, he provided HOPKINS with a check from UC's company for \$10,000. CW stated that he

asked HOPKINS to deposit the check as soon as possible, and that HOPKINS agreed to do so.

31. On September 28, 2011, CW recorded a telephone conversation with NICHOLS. NICHOLS informed CW that he had been worried because CW had not returned NICHOLS' telephone calls. NICHOLS said that he thought CW was being interrogated by the FBI and that he was worried that CW was "in custody."

32. On September 30, 2011, CW had a meeting with HOPKINS that was video and audio recorded. At the meeting, HOPKINS asked, "it was thirty-seven five, right?" HOPKINS then handed CW an envelope. CW answered that this was the right amount and that he wanted to "Give DEAN [NICHOLS] his money, and then I want to give [UC], and his guy at HHC [HHS] [their money] this way we are good." CW opened the envelope and counted the money and stated "thirty-seven fifty." HOPKINS complained that it was "difficult to show a paper trail when you are doing cash withdrawals" and stated that "the next time we do this, I don't want to get cash. I want to write a check for 5,000 to you." HOPKINS stated that CW could "cash it and figure out how you are going to do it." HOPKINS expressed concerns about how withdrawing a large amount of cash right after receiving his grant check would look if there was an audit. HOPKINS said that he would have to "come up with some creative accounting" to explain the \$3,750 cash withdrawal if he were asked about it. HOPKINS stated that he wanted to meet with UC because HOPKINS's main concern was about the "reporting" requirements. HOPKINS stated:

above and beyond just the IRS, there are three agencies, there is the agency that's funding this, Health and Human Services, so there's that agency. Then there's the IRS, then there's the FBI. Those are the three agencies I don't want to get overly involved. The FBI if you are doing something fraudulent. Period. Fraud is fraud. The IRS. Tax fraud The FBI is every other kind of fraud And then there the DHHS, which is the agency paying for this piece. I don't want to fuck them I don't mind paying the five or the piece It is just paying it in cash, I'm very reluctant.

33. Later in the meeting, HOPKINS stated that his "number one question to UC" was "what do I put in my report that says, 'you fucking pulled four grand cash.' How do I make that not look like I'm scamming this fucking grant?"

34. On October 3, 2011, CW drove NICHOLS to a meeting with UC and HOPKINS. Before the meeting, FBI Special Agents searched CW and noted that he had \$170 on him. FBI Special Agents provided CW with an envelope containing \$3,750 and equipped him with recording devices. While in the car with NICHOLS, CW counted \$1,250, provided the money to NICHOLS, and told him "that is your end." CW then counted \$2,500 and said that "this is [UC]'s, and for his guy." CW asked NICHOLS if NICHOLS wanted to give the money to UC. NICHOLS said, "no, you can give it to him, it's alright, it is your buddy." NICHOLS informed CW that there were "eight [grant applications] that we gave him. But I got all in all, like 29 that will be." NICHOLS suggested that CW receive from grantees paying kickbacks IRS Form 1099s that would falsely show that CW received as income the entire amount that CW, NICHOLS, UC, and the purported HHS employee were paid. NICHOLS stated, "the more [1099s] you get, the bigger your social security end [benefits] of it is, is, for you." NICHOLS explained that with this scenario, the grantees

would “get a receipt and everything is straight up legit. Every item on budget is accounted for.”

35. Later that day, NICHOLS, UC, CW, and HOPKINS met at a restaurant in Chicago. According to CW, CW gave NICHOLS the envelope containing \$2,500. According to UC, while the four were sitting at a table, NICHOLS tapped UC on the leg with an envelope. UC took and opened the envelope at the table. Later, UC and other FBI Special Agents examined the contents of the envelope and found that it contained \$2,500.

36. As CW drove NICHOLS home after the meeting, NICHOLS discussed the manner in which he provided UC the money: “I wanted to get it to him, but I didn’t even want to do it in front of [HOPKINS]. [HOPKINS] caught on, he wasn’t stupid . . . he knows what’s going on.” NICHOLS stated, however, that NICHOLS was “a little surprised” because UC “opened it up [the envelope] and started counting it practically.” NICHOLS said that UC “should have been more subtle . . . Everybody knew what was going on at the table, but at least we were discreet about it.” NICHOLS stated that when “I do something like that, I do it in a folder. When people see a folder, they don’t think that it is, when you see an envelope, you know it is . . . I’ll put it [the money] in the middle of a bunch of paper.” After the meeting, FBI agents searched CW and found \$170 on him.

Kozel Agrees to Provide CW with Bribe Money for HHS Employee in Exchange for Grants and to Recruit Others into the Scheme

37. On October 25, 2011, NICHOLS left a voicemail message for CW. NICHOLS said that they were “back on again with him [KOZEL], so make him first, and how soon do

you think that can be?” NICHOLS asked if they could get KOZEL’s grant “as soon as possible.”

38. Later on October 25, 2011, CW recorded a meeting with KOZEL. KOZEL informed CW that he was “with [State Senator] for about eight [years]” and “got one grant.” KOZEL told CW that NICHOLS “wanted his cut” from KOZEL’s previous grant, and that KOZEL paid NICHOLS “a couple of grand probably.” KOZEL said that “this one [current grant] is 25 and he [NICHOLS] wants 5?” CW responded “Yeah . . . but did he tell you where all the five is going?” KOZEL said that they had to pay five thousand dollars to “the guy that is putting it [grant] through.” KOZEL stated that NICHOLS informed him that the grant would come out “possibly twice a year, and you don’t have to do hardly anything.” CW informed KOZEL that “it is a 25,000 grant.” CW said that CW’s friend has a drug company in California, and that individual has “a friend at the federal level with Health and Human Services.” CW stated that the individual at HHS “approves \$25,000 grants.” CW stated that CW’s “guy and the guy at HHS, at Health and Human Services, they get 2,500 out of the 25” and that CW and NICHOLS “get another 2,500. So that’s only 5,000. There’s no more after that. The 20 is yours.” KOZEL related that NICHOLS told KOZEL that KOZEL could get a “grant for 20” and that KOZEL could receive the grants “twice in one year,” but that if NICHOLS obtained those grants for KOZEL, KOZEL would have to “sign off my 50%” interest in the building he owned with NICHOLS.

39. Later in the conversation, CW informed KOZEL that “if you don’t want to do it, that’s cool.” KOZEL, replied, “No, I want to do it.” KOZEL asked if he needed a not-for-

profit entity, and explained that his “expired” and he needed to “renew it.” CW informed KOZEL that KOZEL could “renew it” when he got the money. CW told KOZEL that CW will bring the grant check to him, that they would “cash it,” and that CW would give the money to NICHOLS. KOZEL responded, “If I was gay, I’d kiss you right now.” CW said that the guy at HHS calls UC before issuing the grant, and asks if the grantee is in on the “plan. As long as the UC says yes, he cuts the check We gotta keep the guy at HHS happy.” KOZEL asked CW how many grant applications CW wanted: “1, 2, 10, 20, 100?” CW said that they should “just keep them flowing.”

40. On October 27, 2011, CW recorded a telephone conversation with KOZEL. KOZEL stated that KOZEL had “ten people who want to do this already.” CW informed KOZEL that UC had informed CW that “they are going to approve your grant” and that the check would be “coming out in two-to-three weeks.” KOZEL said that this was “awesome.”

41. On November 1, 2011, CW recorded a telephone conversation with NICHOLS, who mentioned that he had tried to call CW “twelve times.” NICHOLS said that he thought CW “was being questioned by the guys at Roosevelt and Western [near the location of the FBI’s Chicago Field Office].” NICHOLS stated that he “really thought you were undercover” and that he was “waiting for them to knock on the door and haul me away.” CW informed NICHOLS that KOZEL’s grant check was “coming down the pipe.”

42. On November 1, 2011, CW recorded a telephone conversation with KOZEL. CW informed KOZEL that CW had spoken with UC and that the “check is coming next Friday.” KOZEL said that this news was “awesome” and they agreed to meet at the parking

lot near where KOZEL works. KOZEL informed CW that KOZEL had other potential grantees who were “ready to go.”

43. On November 11, 2011, CW video and audio recorded a meeting with KOZEL. Prior to the meeting, FBI agents searched CW and noted that he had \$315 on him. Agents then provided CW with a check for \$10,000 made out to KOZEL’s organization. At the meeting, CW provided the check to KOZEL. KOZEL asked whether CW wanted him “to cash it” and meet later in the week. KOZEL asked how he could “write [CW] off” and what the arrangement was with HOPKINS. CW explained that HOPKINS would be giving CW an IRS Form 1099 for \$5,000. KOZEL stated that CW could not put down that he was a counselor on the thirty grants they were planning on getting. KOZEL stated that he would say, “I gave you [CW] a construction job to remodel my basement, because if you do fucking thirty-one people as you a counselor it is gonna look funny Yeah, stupid think about it, you want to get caught up? . . . I am looking out for you I don’t want nobody to get caught up.” CW provided the check to KOZEL and stated that “this is the check for the 10,000 and this is the letter.” KOZEL asked what the “minimum requirement” was for the project. KOZEL said that his plan was to take children who were purportedly going to attend KOZEL’s program “out for chicken wings, take them to Chucky Cheese.” KOZEL stated that he would also “give them a tour of the [Cook County] jail and talk about drugs.” KOZEL asked “how many times will I need to do that?”

44. Later during the same conversation, KOZEL asked if CW submitted KOZEL’s list of other potential grantees to UC. KOZEL said that one of the potential grantees, MARY

SMITH, was a “sergeant in the [Cook County] Sheriff’s Department” with KOZEL. KOZEL stated that SMITH was “a greedy bitch. Nice, though.” KOZEL mentioned that one of the potential grantees on his list was his girlfriend and that KOZEL “made up” an organization for her. KOZEL asked whether his girlfriend could get the money without forming an “NFP [not-for-profit organization]” first. CW stated that other grants would be coming, but that UC first wanted “to make sure he gets his money on yours so he can give it to his guy at HHS.” CW told KOZEL that “the \$5,000 on this \$2,500 goes back to UC and his guy at HHS. The other \$2,500 is for me and NICHOLS.” KOZEL said that he would deposit the check and they discussed when it would clear so that KOZEL could withdraw the money and provide it to CW. After the meeting, FBI agents searched CW and noted that he had \$315 on him.

45. On November 15, 2011, CW recorded a telephone conversation with KOZEL. KOZEL stated that the check “just got good today.” KOZEL asked whether NICHOLS “even ha[s] to know” that KOZEL’s grant check arrived. KOZEL suggested that KOZEL and CW could split the \$1,250 that NICHOLS was going to make on KOZEL’s grant. CW stated that the “main thing is taking care of the guy at HHS, you know [UC] and his guy.”

46. On November 16, 2011, CW video and audio recorded a meeting with KOZEL. Before the meeting, FBI agents searched CW and noted that he had \$138 on him. CW met KOZEL in the parking lot of a bank. After exiting the bank, KOZEL entered CW’s car and stated that the bank employees he was dealing with “had to get a supervisor . . . because it is such a small bank.” KOZEL then jokingly said that the bank “only had 200 bucks” as

KOZEL handed CW money. On the recording, CW counted the money as \$5,000. As CW counted the money KOZEL whispered, "It feels like a drug deal man." KOZEL said that the first time KOZEL counted the money, he only got to "forty-seven because one stuck." CW counted the money again and said that "1250 is for that guy who approves the damn grants at HHS, so that is his. [UC] gets 1250." CW told KOZEL that this was "easy money" and asked whether the other grantees that KOZEL was bringing to CW "know they gotta play a little ball?" KOZEL responded, "Yes." After the meeting, FBI Special Agents searched CW and found four envelopes containing a total of \$5,000 and that CW still had \$138 on him.

47. On November 17, 2011, CW recorded a telephone conversation with NICHOLS. CW informed NICHOLS that "We got ELLIOTT's [KOZEL's], and we cleared it [grant check], so I got a little something for you." CW and NICHOLS agreed to meet later that day. Before the recorded meeting, FBI Special Agents searched CW and noted that he had \$122 on him. FBI Special Agents provided CW with an envelope containing \$1,250. At the meeting, CW told NICHOLS that CW had informed KOZEL that the purported HHS employee would receive \$1,250, UC would receive \$1,250, NICHOLS would receive \$1,250, and CW would receive \$1,250. NICHOLS replied, "I wasn't even going to tell him . . . the less he knows the better. And everybody, too." CW gave NICHOLS the envelope containing the \$1,250 for NICHOLS, NICHOLS asked, "Where is the camera at?" CW then counted \$1,250 and gave it to NICHOLS. NICHOLS stated that "our stuff is going to be legit. Whatever [UC] does that is his business." CW responded, "I talked to [UC]. He likes

the fact that every time we get one, him and the guy at HHS get theirs.” NICHOLS replied, “Right.” After the meeting, FBI Special Agents found \$122 on CW.

48. On December 1, 2011, CW recorded a meeting with KOZEL. During the meeting, KOZEL provided CW with four applications for grants offered by the Department of Health and Human Services, including applications for organizations run by MARY SMITH and REGINA HOLLIE.

Kozel Submits Additional Grant Applications; Mary Smith pays a Kickback in Exchange for a Grant

49. As noted above, KOZEL provided CW with a grant application for his supervisor in the Cook County Sheriff’s Office, MARY SMITH. On December 16, 2011, CW recorded a telephone call with SMITH in which CW informed SMITH that her “grant was approved.” CW told SMITH that Health and Human Services was a federal agency that might shut down for two weeks at the holidays, so she would receive the money either the next week or in 2012. SMITH said that it was fine “either way.” CW asked whether she would be able to “pull half of it [the money] out” when he gave her the check. SMITH said “yeah.” CW then stated that he had to “take care of my guy at Health and Human Services, that is why. You know, I got to ship it back to him.” SMITH said her bank would probably allow her to cash it the same day that she deposited the check.

50. On December 21, 2011, CW recorded a telephone call with KOZEL, who informed CW that KOZEL was going to submit “four [applications] instead of five” because he did not “feel the right vibe” with the fifth applicant. KOZEL and the CW discussed an

application that NICHOLS had submitted for one of KOZEL's family members. CW informed KOZEL that the family member would be receiving a check soon. CW asked KOZEL whether that family member knew "the program." KOZEL informed CW that the family member "knows how it works."

51. On January 4, 2012, CW recorded a conversation with KOZEL in the parking lot outside of the Cook County Sheriff's Office. KOZEL stated that he "hopes it starts flowing because I can use those twelve-hundred, twelve-hundred, twelve-hundred." KOZEL said that he wanted to go by a U.S. Congressman's "office and recruit some people." KOZEL stated that "everyone from [State Senator's] office went over there [to the Congressman's office]." KOZEL asked how many grants they could "let flow through at a time." CW said that they had to get "as many [applications] as we can in." KOZEL said that the people KOZEL had fill out applications were "idiots. I have to sit there with them and do the description" of the program that they would run. KOZEL provided CW with three grant applications. KOZEL suggested that CW "put a little line" on the applications so CW knew that they were from KOZEL. KOZEL, however, instructed CW not to make the mark "where it is obvious." After the meeting CW provided FBI Special Agents with three grant applications that CW said KOZEL had given him.

52. On January 16, 2012, CW video and audio recorded a meeting with SMITH. Before the meeting, FBI Special Agents provided CW with a check for \$10,000 made payable to SMITH's organization. At the meeting, CW stated that "we got the check" and handed it to her. CW said that the check was for "10 grand." CW stated that "we don't want

to tell anyone we don't know or trust, other than like, me, you, and ELLIOTT [KOZEL].” SMITH responded, “OK.” CW said that he needed her “five grand back.” SMITH told CW that she knew and that she was “going to do the right thing.” CW reminded SMITH that CW had to “pay the guy at Health and Human Services.” SMITH informed CW that she “wouldn't mess you up.” CW replied, “We don't want to go to jail, that's why we don't want to tell nobody. We got to trust people.” SMITH responded, “I ain't saying nothing to nobody.” CW said that they should not tell anyone unless SMITH knew they were trustworthy. SMITH told CW that she wanted to obtain grants for her two sons. CW stated that “we can go to jail for this and I don't want to do that.” SMITH responded, “I know” and said that “the only people that I would tell is the people that I'm going to tell you about. Like my two sons.” SMITH informed CW that she knew that her sons would not “tell on me.” SMITH said there “ain't no way in the world I want to go to jail” and laughed. CW stated that he did not want to “burn the guy at Health and Human Services because he is the guy that approves these.” SMITH said that “Oh, I am not going to do that, it [\$5,000] is as good as yours.”

53. On January 17, 2012, CW recorded a telephone conversation with KOZEL. CW informed KOZEL that he “gave that check to MARY [SMITH]” and that she said it would be “a couple of days” before she could provide the money to CW. CW said that he would “get together” with KOZEL and “take care of you.” KOZEL then asked about CW getting an additional grant for BRYANT JESSUP.

54. On January 19, 2012, CW recorded a telephone conversation with KOZEL. KOZEL informed CW that he “just got of the phone with her [SMITH]” and that “it is all clear.” KOZEL said there was a bank “on 22nd and Western” and that she wanted “to meet right when she gets off [of work].”

55. CW video and audio recorded a meeting with SMITH as she was leaving work that afternoon. Before the meeting, FBI Special Agents searched CW and noted that he had \$162 on him. During the meeting, SMITH handed an envelope to CW. CW opened the envelope and took money out of it. CW counted the money and asked SMITH, “Did you take care of ELLIOTT [KOZEL]?” SMITH said, “No, I gave it all to you.” CW counted the money and said, “right on the money.” CW informed SMITH that if she could “get some people that we could trust . . . it is a \$1,250 bonus.” SMITH brought up her sons as possibilities. CW counted a portion of the money, placed it in an envelope, and said that it was “for our guy at Health and Human Services. Got to hook him up.” SMITH told CW that her sons will “do the right thing” and that CW would “get your money” if he provided a grant to them. SMITH said that she might “have to put my name on the account or something, but I will get it.” CW counted another portion of the money and said “that’s for [UC].” SMITH stated, “you have to look at the bigger picture . . . If you take the five, then what you gain? Once you lose trust that’s it. You gotta do what you say.” SMITH stated that her kids are in “real estate, it has been very, very, slow, so they need the money.” CW told SMITH that “as long as he [the HHS official] approves the grant, we’re good.” SMITH said, “he got the last say, huh?” CW said that he did. SMITH stated that, “as long as they [grantees] know

they've got to give it up. You got to give something to get something." SMITH stated that the money she received was "a lot more than I would have had this weekend." FBI Special Agents searched CW after this meeting and found four envelopes containing a total of \$5,000, in addition to \$157.³

56. Later on January 19, 2012, CW recorded a telephone conversation with KOZEL, who asked whether it went "smooth?" KOZEL also asked whether CW told SMITH about KOZEL's "piece of the pie." CW responded that he did. KOZEL asked if CW told SMITH how much KOZEL was getting from SMITH's grant. KOZEL stated that he did not want SMITH to know that he was getting a portion of her grant.

57. On January 20, 2012, CW recorded a meeting with KOZEL. Before the meeting, the FBI Special Agents provided CW with \$1,300 in an envelope. FBI Special Agents also searched CW prior to the meeting and noted that he had \$149 on him. At the beginning of the meeting, KOZEL discussed Individual A, who ran "a drug prevention thing." KOZEL said that he planned on using aspects of Individual A's current program to prove that he was running a legitimate program. KOZEL told CW that Individual A was "going to let me use her . . . sign in sheet. I am going to use her for mine [his not-for-profit] Get a sign in sheet, use her people, document it, pictures." KOZEL stated that "maybe we can say we're renting out [Individual A's] facility or whatever. This is a really good hook up." As CW was counting the money he was giving to KOZEL, CW stated that he "didn't

³ CW stated that he spent approximately five dollars of the \$162 that he started with by purchasing beverages for SMITH and CW before his meeting with SMITH.

get change, I got just 1,300 we'll just square up later." CW said that he sent "1,250 to my guy at Health and Human Services." After the meeting, FBI Special Agents searched CW and found that he still had \$149 on him.

58. On January 31, 2012, an FBI covert facsimile number received two grant applications. On February 3, 2012, CW recorded a telephone conversation with SMITH in which he told her that they had received the two applications that she faxed. SMITH responded that a third application would be ready the next Monday and that she would fax it when she received it.

59. On February 28, 2012, CW recorded a telephone call with SMITH. CW asked what happened with the third application. SMITH stated that the potential applicant "never did do anything with it." SMITH said that the potential applicant was "on disability, but he is a correctional officer." SMITH stated that the potential applicant was "not working. He is getting disability from the County." SMITH further stated that "there ain't nothing wrong with him He just don't want to come back to work."

Nichols Recruits Anthony Johnson into Scheme; Johnson Provides Kickback Money to CW

60. One of the applications that NICHOLS provided to CW was for ANTHONY JOHNSON's organization, Children at Risk. State records show that Children at Risk received a total of \$65,000 in Illinois state grants from 2006 through 2008. According to a July 2008 *Chicago Tribune* article, the newspaper visited the address listed for the Children at Risk program eight times and never found anyone present. The *Chicago Tribune* quoted

JOHNSON as saying that the program was “in flux” and that he ran the program when he could. Despite those statements, JOHNSON sent a mandatory program performance report for the period of February 13, 2008 to June 30, 2008 to the Illinois State Board of Education stating that he had “eleven students (11) participating in basket ball & Computer classes on Tuesday evening & Saturday morning.” JOHNSON informed the Illinois State Board of Education that the students “all meet the required attendance.”

61. On January 9, 2012, CW recorded a meeting with NICHOLS and JOHNSON. CW informed JOHNSON that his “guy at Health and Human Services called, and he said yours is coming down the pipe.” JOHNSON responded, “my man.” CW said that the first check would be for \$10,000 and that “out of the first ten, I got to get five back.” JOHNSON stated, “OK.” CW said that the money would be for “me, and DEAN [NICHOLS], and the guy at Health and Human Services, and [UC].” While CW was stating this, NICHOLS interjected, “just what I told him.” JOHNSON responded, “Right, OK.” CW then said, “we just don’t want to get my guy in Health and Human Services in trouble, so we don’t get in trouble.” JOHNSON replied, “Right.” NICHOLS explained that JOHNSON could be “getting one [a grant] three times a year.” JOHNSON replied, “That’s what I am saying.” JOHNSON stated that he would “put ten in, and get six out. Get yours off the top.” After JOHNSON left, NICHOLS told CW, “I say that the guy in California is getting five. I don’t even tell them that I am getting 1,250.”

62. On January 17, 2012, CW recorded a telephone conversation with JOHNSON. CW informed JOHNSON that his “federal grant has been approved.” CW stated that he

would bring JOHNSON “a check for 10 grand.” JOHNSON responded that CW would “get yours off the top.” CW stated that he needed “5,000 back so I can pay the guy at Health and Human Services.” CW said that he needed “5,000 back because 1,250 goes to my guy at Health and Human Services . . . then I am gonna pay DEAN [NICHOLS], and myself, and [UC] 1,250 apiece.” JOHNSON asked if the “next check will come like in three weeks or something.” CW responded that it would “come down the road because he’s the guy that approves the grant . . . the guy at Health and Human Services.” CW told JOHNSON to “remember what we talked about. You know we can’t tell anyone that we are paying our guy at Health and Human Services, the guy who approves the grant, because you know I don’t want to end up going to jail. We could all go to jail.” JOHNSON responded, “No, no. No information gets past me, I don’t pass nothing on.”

63. On January 25, 2012, CW recorded a meeting with NICHOLS. NICHOLS said that some grantees might issue IRS Form 1099s showing that NICHOLS and CW each received \$2,500 from the grantees for “consulting” and “accounting.” NICHOLS said UC and “the guy at HHS” should give NICHOLS and CW \$250 each to cover the taxes on the 1099s that would falsely show that NICHOLS and CW were paid \$2,500 a piece. NICHOLS said that when the scenario was explained to Individual B, a potential grantee, “he was scared . . . that he was doing something wrong.” NICHOLS stated that Individual B wanted to “have some kind of documentation [so] that he can say ‘this money went to this.’” NICHOLS stated that Individual B would state that CW went to Individual B’s group and counseled kids on drug use. NICHOLS said that CW could “build up” his Social Security

benefits by getting more IRS Form 1099s. NICHOLS said that if NICHOLS and CW were going to “eat” the \$5,000, UC and the HHS official should take less so that NICHOLS and CW could pay tax on the amount shown on the IRS Form 1099. NICHOLS said that he did not know if UC could show that he makes any income off the grants because it would be a conflict. NICHOLS said that a “very, very important” question for UC was if the grantees would be audited if they received an additional \$25,000 grant. NICHOLS stated that if this were the case, they should not give some of the programs a second grant because they would not be able to pass the scrutiny of an audit.

64. On January 30, 2012, CW recorded a meeting with JOHNSON. Before the meeting, FBI Special Agents provided CW with a \$10,000 check made payable to JOHNSON’s organization. At the meeting, CW gave JOHNSON the \$10,000 check. JOHNSON said that his plan was to cash the check at the bank and give CW the money because “I am a straight up guy.” CW stated that this was why “you were hand-picked by DEAN [NICHOLS].” JOHNSON replied, “Yeah. My, man.” CW informed JOHNSON that CW needed to “take care” of NICHOLS, “the guy at Health and Human Services, and myself.” JOHNSON replied, “man, I appreciate it.” CW told JOHNSON that he “can’t tell people, ‘hey we are paying the guy at Health and Human Services’” because “we will go to fucking jail.” JOHNSON said, “Right, right, you gotta keep something to yourself.” CW stated that CW “control[s] the money to give back to our guy at Health and Human Services, because if I don’t take care of him, we are fucked He is the one who approves it.”

JOHNSON replied, "Right, there you go." CW said, "you can't burn him." JOHNSON responded, "sure can't."

65. On February 2, 2012, CW and JOHNSON drove to JOHNSON's bank. CW recorded the conversation. Before the meeting, FBI Special Agents searched CW and noted that he had \$262 dollars on him. While they were driving to the bank, JOHNSON asked if CW wanted a money order. CW said that he wanted cash because "cash is good, less paper." JOHNSON replied, "that's right." After going inside the bank, CW and JOHNSON got back in CW's car. JOHNSON gave cash to CW, who counted the money. Once CW counted out \$5,000 he started breaking the \$5,000 down into four \$1,250 increments. As he was doing this, CW stated "We just got to take care of the boys, and this way keep it going." CW then counted out the first \$1,250 and said, "take care of our guy at Health and Human Services." CW then placed the cash in an envelope. CW counted out \$1,250 three other times, and placed the money in envelopes. JOHNSON mentioned that he had two potential grantees who he wanted to get grants. JOHNSON told CW to "keep it at 5,000 . . . if they throw me something, they throw me something." CW said that this was "fine" and if JOHNSON wanted to "tax them" it was up to JOHNSON. After the meeting, CW provided FBI Special Agents with four envelopes containing a total of \$5,000. FBI Special Agents searched CW and found the \$262.

66. Later on February 2, 2012, CW recorded a telephone call with NICHOLS. CW informed NICHOLS that JOHNSON's check had come in, that JOHNSON had cashed it, and that CW had "our end." The two agreed to meet the next day.

67. On February 3, 2012, CW recorded a meeting with NICHOLS. Before the meeting, FBI Special Agents searched CW and noted that he had \$233 on him. FBI Special Agents provided CW with an envelope containing \$1,250. During the meeting, CW pulled an envelope from his visor and handed it to NICHOLS stating that it was “compliments of ANTHONY JOHNSON. Make sure it is all there.” NICHOLS replied, “I trust you” as he put the envelope inside his breast pocket of his coat. During the meeting, NICHOLS and CW discussed the fact that CW entered the bank with JOHNSON the previous day when JOHNSON withdrew the money. NICHOLS said, “I wouldn’t do that, you could be on camera.” NICHOLS said that he would rather go with CW when CW meets with the grantees. NICHOLS stated that the grantees “are nervous about you . . . because you are a cop. They are afraid you got a wire, you are a part of the scam.” NICHOLS said that “the less people know, the better.” NICHOLS stated, “If anything ever happens and it comes down, you want everybody to say ‘well I don’t know, it was this guy, it was this guy.’ I am gonna be the end guy at this point You already put your name out there, so you are in it too now. I was trying to save you.” After the meeting, FBI Special Agents searched CW and found that he had \$232 on him.⁴

Regina Hollie Pays Kickback in Exchange for Grant

68. As noted above, KOZEL provided CW with a grant application for REGINA HOLLIE. On December 8, 2011, CW recorded a meeting with KOZEL and HOLLIE.

⁴ CW stated that he spent one dollar purchasing a drink, which was captured on the recording.

During the meeting, CW asked KOZEL if he told HOLLIE how the \$25,000 grant proceeds would be divided up. KOZEL stated, “She understands everything.” CW responded by informing HOLLIE that CW has “a guy in California, and his buddy is in HHS, Health and Human Services, out in California. So what we do is, we give him 1,250. Then we give my buddy 1,250. And then the other two and a half [\$2,500] goes to us [CW and KOZEL].” KOZEL responded that he “told her the same number.” CW said, “Of course, this is between us. We don’t want . . . too much out there.” HOLLIE responded that “the less people know about things, the less problems you have. So, I understand.” HOLLIE then stated that “we’re good, we’re understanding, and I’m ready to roll. We could do this one, then work on another one, I mean, I have no problems with that at all.” HOLLIE then asked when the grant money would be available and expressed interest in obtaining more grants through KOZEL and CW to help her renovate a building that she owns in Robbins, Illinois. HOLLIE stated that it was “something else we can work on. Listen, everybody can eat off the pie with me. Okay? That’s how I feel. Everybody should eat and we shouldn’t have to jump over hoops to eat.”

69. On December 20, 2011, CW recorded a telephone call with HOLLIE in which HOLLIE asked if CW “got some good news for me? Is Santa coming for Christmas?” CW responded, “Yes. My friend at Health and Human Services called me. He said your grant was approved.” CW informed HOLLIE that she would not receive a check with the grant proceeds until January 2012 because HHS was part of the federal government, which CW said was shutting down over the holidays. CW then explained that the first check from the

\$25,000 grant would be in the amount of \$10,000. CW told HOLLIE that CW needed “five . . . back to give to the guy at Health . . .” HOLLIE responded, “Okay, that’s fine, that’s fine.” CW then stated that “my guy approves it at Health and Human Services. I ship him back his end.” HOLLIE said, “Okay, that’s fine. I have no problem.”

70. In a recorded conversation on January 13, 2012, HOLLIE informed CW that she had suffered a stroke. On February 9, 2012, CW recorded a conversation with HOLLIE in which CW stated that he was “talking to my guy at Health and Human Services . . . the one that approves grants.” CW stated that the HHS official “thinks that we should hold off” on giving HOLLIE a grant until HOLLIE was “completely healed.” HOLLIE informed CW that she had “already set up a program to do for the Spring break” and that she was “fine.” HOLLIE informed CW that she was going out of her house “every day . . . Working, doing stuff” and that she had been performing volunteer work for a political campaign. CW said that the HHS official was afraid that HOLLIE “might tell someone.” HOLLIE responded, “no, no, no,” and informed CW that she does not “spread stuff.” CW stated that he was worried because they were dealing with a “federal official. He doesn’t want to go to jail, we don’t want to go to jail.” HOLLIE said that she did not want “to get in trouble either. Nobody knows, no one. I have not spoken to no one about how this transaction is going.” CW informed HOLLIE that the official at HHS was “approving it [the grant] because he is getting paid.” HOLLIE responded, “Right, right.” CW told HOLLIE that they were concerned about her health. HOLLIE responded, “My health hasn’t hindered me at all. I am back up, I am working . . . I am out doing things every day.” HOLLIE proposed that they

could “do some more business together because there are things I need to get done . . . I’m very up front and vocal. If I can’t do it, I’ll let you know.”

71. On February 10, 2012, CW recorded a telephone conversation with HOLLIE. CW informed HOLLIE that he “talked to my guy at Health and Human Services . . . he is willing to take a chance and give you the grant . . . as long as you are still comfortable with our arrangement.” HOLLIE said that she was. CW informed HOLLIE that he told the HHS official that HOLLIE “wanted to do more business with us.” HOLLIE said that she wanted to renovate a building and would need approximately \$100,000 for the project. CW asked, “what were you thinking, like to give my guy back for approving this grant?” HOLLIE responded that “We can do thirty, forty.” CW asked, “thirty, forty what, percent or thousand?” HOLLIE replied, “Thousand.” CW said that he would “let him know.” In the same call, CW informed HOLLIE that he would bring the check for the initial grant to HOLLIE and they discussed meeting the next week.

72. On February 13, 2012, CW recorded a telephone conversation with HOLLIE. HOLLIE said that she thought that the first grant check was for \$25,000 but after receiving the check she realized it was for \$10,000. HOLLIE stated “It [grant check] was ten, so you get five right?” CW replied, “Correct.”

73. Later on February 13, 2012, CW recorded another telephone conversation with HOLLIE. HOLLIE informed CW that her daughter would be bringing her to the meeting. HOLLIE stated, “I already know our arrangement, so we don’t have to repeat anything in

front of her.” Later, HOLLIE reiterated, “I know what we gotta do We don’t need to discuss anything about the payment and stuff with her, while she is around.”

74. On February 13, 2012, CW recorded a meeting with HOLLIE. Before the meeting, the FBI provided CW with an envelope containing a \$10,000 check made out to HOLLIE’s organization. At the meeting, CW stated, “here’s the check” and informed HOLLIE that it would “take a couple of days to clear. It is for \$10,000.” CW told HOLLIE that “when it clears, just call me.” Upon taking the check from the CW, HOLLIE stated, “And then we can start working on that other project too, for the building.” CW informed HOLLIE that the HHS official “likes the idea . . . He likes the 30.”

75. On March 2, 2012, CW audio and video recorded a meeting with HOLLIE in CW’s vehicle outside of her bank. Before the meeting, FBI Special Agents searched CW and noted that he had \$206 on him. HOLLIE walked up to CW’s vehicle with the assistance of a walker.⁵ Upon entering CW’s vehicle, HOLLIE stated that she had “the proposal, too.” HOLLIE said that “this is like a drug deal or something.” HOLLIE handed CW an envelope. CW opened the envelope and counted the money. After CW finished counting the money, HOLLIE stated that she had the “proposal for the building,” but that KOZEL told her she “shouldn’t do another one under my name, the same organization.” HOLLIE asked CW when the “other half” of the grant would “come through.” HOLLIE claimed that she would be “doing a thing next week with” the money she was given. CW informed HOLLIE that

⁵ HOLLIE explained that she hurt herself by falling down the stairs at her home.

the HHS official “holds it [un]til he gets his cut.” Later in the conversation, HOLLIE gave documents to CW and said that “this is from an architect” and that if “you can’t do whole thing, whatever we can do towards making that goal, that would be helpful.” After the meeting, CW provided FBI Special Agents with an envelope containing \$5,000. CW also provided FBI Special Agents with documents from an architect regarding the remodeling of a building. FBI Special Agents searched CW and found that he still had \$206 on him.

76. Later on March 2, 2012, CW audio and video recorded a meeting with KOZEL. Before the meeting, FBI agents searched CW and noted that he had \$192 on him. FBI Special Agents then provided CW with an envelope containing \$1,250. At the meeting, KOZEL asked CW, “what happened?” CW stated that HOLLIE “came, she gave me the five grand.” CW mentioned that HOLLIE wanted another grant. KOZEL interjected, “Not the same company name.” When CW said he was not sure, KOZEL replied, “Don’t do the same name. Let’s not do that.” CW informed KOZEL that JESSUP was “next.” CW counted out \$1,250 and provided the money in an envelope to KOZEL. KOZEL took the money and gave CW back the envelope. CW stated that “as long as they [the grants] keep coming, we’re good.” Later, KOZEL explained that he tells potential grant recipients “you got to do what you got to do” when they get the grant money. After the meeting, FBI agents searched CW and found the \$192.

77. According to records, as of March 20, 2012, HOLLIE had not used the purported grant money to run any charitable program. She, instead, she had used \$6,034.83

from the deposit of the money to March 20, 2012, to either pay the kickback to CW or to pay for what appear to be personal expenses.

78. Specifically, according to records: HOLLIE opened an account for the Louis & Beatrice Hollie Youth Foundation on February 13, 2012. She deposited the purported grant check for \$10,000 into that account the same day. From February 24 through February 27, 2012, there were four ATM withdrawals from this account that, with fees, totaled \$1,616.50. On March 2, 2012, HOLLIE cashed a check for \$5,500 (of which she gave \$5,000 to CW). From February 27 to March 20, 2012, there were three debits on the account for charges at restaurants (Pizzeria Uno, Weber Grill, and Uncle Julio's) totaling \$353.79. On March 19, 2012, the account was debited \$181.04 for purchases at Target that included women's clothing, groceries, and snacks. Records do not reflect any other deposits or withdrawals from this account as of March 20, 2012.

Bryant Jessup Provides Kickback Money to CW; KOZEL Accepts his Share of Proceeds

79. Among the applications KOZEL gave to CW was one for BRYANT JESSUP's organization, the J.A.M.A Center NFP. According to State of Illinois records, the J.A.M.A. Center NFP received approximately \$65,000 in Illinois state grants from 2006 to 2008. Another not-for-profit organization that JESSUP incorporated received a \$20,000 state grant in 2008, according to State of Illinois records.

80. In the previously mentioned January 17, 2012 telephone call, KOZEL asked CW about the status of JESSUP's purported HHS grant application. CW told KOZEL that

they had to “sit down with him for a few minutes just to make sure we’re straight.” KOZEL stated that he told each potential grantee that “if you are going to have some cake, you got to give a slice to someone else.” KOZEL asked about the order that the grants were coming out. CW stated that his guy at HHS was not making the decisions on the order and that they would be “trickling through.”

81. On February 1, 2012, CW recorded a meeting with KOZEL and JESSUP. CW informed JESSUP that “my guy approved your grant, so it is coming down the pipe.” CW stated that “it is going to come in two parts. One of it is \$10,000, and one of it is \$15,000. So, what we do is right off the top, off the first check is we take five grand.” JESSUP responded, “OK.” CW replied, “I don’t know if he [KOZEL] told you that.” JESSUP said, “Yeah.” CW stated that “we got a guy at Health and Human Services who approves it. So, we have to pay him his \$1,250, because if we don’t then he is not going to approve it.” JESSUP responded, “Right.” CW told JESSUP that “we got to keep it tight lipped, you know because if we tell anyone that hey we got a guy at Health and Human Services, approving our grants, we are going to jail. I don’t want to go to jail.” JESSUP responded, “True, I know what you mean.” JESSUP said that KOZEL “told me about the 5,000.”

82. On February 20, 2012, CW recorded a meeting with JESSUP. CW informed JESSUP that his “guy at Health and Human Services, he said he is going to approve your grant.” CW informed JESSUP that the first installment would be for \$10,000 and the second installment would be for \$15,000. JESSUP stated, “ELLIOTT [KOZEL] told me about that, too.” CW asked JESSUP if KOZEL told JESSUP that “we need the five-thousand to go

back . . . that's the guy who approves the grants." CW told JESSUP that this was "why he is approving them, because we are taking care of him." JESSUP asked whether CW wanted cash or a check. CW said that cash was better because "we don't want nothing to trace back to my guy at Health and Human Services." JESSUP said that he would write off the \$5,000 as "some kind of supplies, or something like that." CW replied, "As long as it does not come back to my guy or me, then we are good." JESSUP responded, "Right." CW told JESSUP "we don't want nobody to know, because we could all get in trouble and go to jail, and we don't want that." JESSUP responded, "Right." JESSUP stated that he wanted an associate of his to apply for a grant. JESSUP offered to take CW to that associate's home so that CW could explain the program to her.

83. On March 6, 2012, CW recorded a meeting with JESSUP. Before the meeting, FBI agents provided CW with a check for \$10,000 made out to JESSUP's organization. At the meeting, CW stated that he had the check, and took it out of an envelope. CW said that "as soon as you get it deposited, you know, it clears, just call me and I will pick up the \$5,000, because I have to send out the twelve-fifty to my guy at Health and Human Services, because he is the one who approves it."

84. On March 12, 2012, CW recorded a meeting with JESSUP. Before the meeting, FBI Special Agents searched CW and noted that he had \$47 on him. At the meeting, JESSUP informed CW that his associate gave him an application, but that she did not know which starting or ending dates to put down for the program. CW stated that the starting date could be that day and that the ending date could be up to 2014. JESSUP then

handed CW an envelope containing money. CW counted the money out loud and said “\$5,000 . . . right on the money.” CW went on to tell JESSUP, “We can’t screw the guy at Health and Human Services. He approves it. We got to take care of him.” JESSUP responded, “Right.” CW asked if JESSUP had “more guys.” JESSUP said, “not yet,” but that he was “thinking about some people we can trust.” CW counted \$1,250 and put it in an envelope, and stated that if CW did not “take care of that guy at Health and Human Services, we’re screwed.” CW stated that his HHS contact was “in charge of picking them and stopping them.” JESSUP stated that he called CW as soon as he was ready to meet. After the meeting, FBI Special Agents searched CW and found four envelopes containing a total of \$5,000 and a grant application from JESSUP’s associate, in addition to \$47 on CW.

85. On March 13, 2012, CW recorded a meeting with KOZEL in CW’s car. Before the meeting, FBI agents provided CW with an envelope containing \$1,250. FBI Special Agents searched CW before the meeting and noted that he had \$47 on him. When KOZEL entered CW’s car, KOZEL stated that “this is getting to be a good habit.” KOZEL stated that he would be using the money for “paying bills.” CW handed KOZEL an envelope and stated, “here is your twelve-fifty.” CW explained to KOZEL that the HHS official was in charge of picking the grants, but that someone else processes the grants. Before he got out of CW’s car, KOZEL stated that he wanted to know when the next grant would be coming in. FBI Special Agents searched CW after this meeting and found that CW had \$47 on him.

86. Based on the foregoing, I submit that there is probable cause to believe that: (1) DEAN NICHOLS and REGGI HOPKINS; (2) NICHOLS and ELLIOTT KOZEL; (3)

NICHOLS and ANTHONY JOHNSON; (4) KOZEL and MARY SMITH; (5) KOZEL and REGINA HOLLIE; and (6) KOZEL and BRYANT JESSUP conspired to commit an offense against the United States, namely bribery of a public official (18 U.S.C. § 201(b)(1)), in violation of Title 18, United States Code, Section 371.

FURTHER AFFIANT SAYETH NOT.

BRENDAN O'LEARY
Special Agent, Federal Bureau of Investigation

SUBSCRIBED AND SWORN to before me on July 16, 2012

JEFFREY COLE
United States Magistrate Judge